

Message Text

LIMITED OFFICIAL USE

PAGE 01 BEIRUT 01049 021345Z

43

ACTION NEA-10

INFO OCT-01 ISO-00 AID-05 CIAE-00 COME-00 EB-07 FRB-03

INR-07 NSAE-00 USIA-06 TRSE-00 XMB-02 OPIC-03 SP-02

CIEP-01 LAB-04 SIL-01 OMB-01 PA-01 PRS-01 /055 W

----- 009206

R 021042Z FEB 76

FM AMEMBASSY BEIRUT

TO SECSTATE WASHDC 8448

LIMITED OFFICIAL USE BIEURT 1049

E. O. 11652: N/A

TAGS: EFIN, LE

SUBJ: CENTRAL BANK GOVERNOR GENERAL COMMENTS ON LOCAL ECONOMY

1. GOL CENTRAL BANK GOVERNOR ELIAS SARKIS CALLED IN ECONOMIC COMMERCIAL COUNSELOR TO DISCUSS THE GENERAL ECONOMIC STATUS OF LEBANON.

2. SARKIS SAID THE ONLY FAVORABLE ASPECT ABOUT THE ECONOMY WAS THE SOLID GOLD COVERAGE OF THE LEBANESE POUND. OTHERWISE THE COUNTRY WAS FACING ECONOMIC DISASTER.

3. HE REMARKED THAT THERE WAS STRONG PRESSURE ON HIM TO IMPOSE RESTRICTIONS ON CAPITAL MOVEMENTS. SOME OF THE SMALLER BANKS WERE IN POTENTIAL TROUBLE INASMUCH AS SINGLE INDIVIDUALS SOMETIMES HELD OVER 50 PERCENT OF THE DEPOSITS. SARKIS WAS NEVERTHELESS DETERMINED THAT THERE WOULD BE NO RESTRICTIONS ON CAPITAL MOVEMENTS INASMUCH AS THIS WOULD GREATLY DAMAGE BEIRUT'S CHANCE OF BECOMING ONCE MORE A REGIONAL FINANCIAL CENTER. HE PLANNED TO URGE VOLUNTARY RESTRICTIONS ON THE LOCAL BANKING COMMUNITY AND TO TAKE EVERY STEP NECESSARY TO PROVIDE WHATEVER FUNDS WERE REQUIRED TO KEEP BANKS SOLVENT. FURTUNATELY THE CENTRAL BANK WAS IN A POSITION TO DO THIS.

4. SARKIS REMARKED THAT ONE OF THE MAIN REASONS FOR HIS CALL

LIMITED OFFICIAL USE

LIMITED OFFICIAL USE

PAGE 02 BEIRUT 01049 021345Z

WAS TO SOUND OUT THE EMBASSY'S THINKING ON THE

POSSIBILITY OF U.S. AID TO LEBANON. HE DID NOT WANT THE GOL
TO MAKE A FORMAL REQUEST THAT WOULD BE TURNED DOWN.

5. IN ANSWER TO THIS INFORMAL QUERY ABOUT AID, ECON/COMMERCIAL
COUNSELOR REMARKED THAT, FRANKLY SPEAKING, THE CHANCES FOR
U.S. AID DID NOT SEEM VERY GREAT, POINTING OUT THE AVAILABILITY
OF CREDIT IN THE ARAB WORLD.

6. SARKIS OBSERVED THAT HE UNDERSTOOD THIS ATTITUDE. HE PLANNED
TO SEEK CREDITS IN THE ARAB WORLD AND WOULD TAKE CARE TO OBTAIN
THEM FROM NUMEROUS RATHER THAN A FEW SOURCES. HE FEARED,
HOWEVER, THAT EVEN THE MOST FRIENDLY OF ARAB COUNTRIES WOULD BE
RELUCTANT TO GRANT CREDIT IN LIGHT OF THE ALMOST TOTAL LACK OF
ORGANIZATIONAL GOVERNMENT STRUCTURE TO HANDLE DEVELOPMENT
CREDITS EFFECTIVELY.
LAMBRAKIS

LIMITED OFFICIAL USE

NNN

Message Attributes

Automatic Decaptioning: X
Capture Date: 01 JAN 1994
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: CENTRAL BANK, ECONOMIC CONDITIONS, MEETINGS
Control Number: n/a
Copy: SINGLE
Draft Date: 02 FEB 1976
Decaption Date: 01 JAN 1960
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Authority: morefirh
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 28 MAY 2004
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1976BEIRUT01049
Document Source: CORE
Document Unique ID: 00
Drafter: n/a
Enclosure: n/a
Executive Order: N/A
Errors: N/A
Film Number: D760038-1018
From: BEIRUT
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1976/newtext/t19760293/aaaaddrj.tel
Line Count: 77
Locator: TEXT ON-LINE, ON MICROFILM
Office: ACTION NEA
Original Classification: LIMITED OFFICIAL USE
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 2
Previous Channel Indicators: n/a
Previous Classification: LIMITED OFFICIAL USE
Previous Handling Restrictions: n/a
Reference: n/a
Review Action: RELEASED, APPROVED
Review Authority: morefirh
Review Comment: n/a
Review Content Flags:
Review Date: 16 JUN 2004
Review Event:
Review Exemptions: n/a
Review History: RELEASED <16 JUN 2004 by MartinML>; APPROVED <25 JUN 2004 by morefirh>
Review Markings:

Margaret P. Grafeld
Declassified/Released
US Department of State
EO Systematic Review
04 MAY 2006

Review Media Identifier:
Review Referrals: n/a
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
Secure: OPEN
Status: NATIVE
Subject: CENTRAL BANK GOVERNOR GENERAL COMMENTS ON LOCAL ECONOMY
TAGS: EFIN, LE, (SARKIS, ELIAS)
To: STATE
Type: TE
Markings: Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 04 MAY 2006